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ARIZONA CORPORATION COMMISSION

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MEMORANDUM

TO: Chairman William A. Mundell
Commissioner Jim Irvin
Commissioner Marc Spitzer
Arizona Corporation Commission

OPEN MEETING ITEM

DOCKETED

6/27/02

FROM: Mark Sendrow
Director of Securities

JUN 17 2002

DATE: June 14, 2002

DOCKETED BY

CMR

RE: Matter of David Carroll Loach and Gary Milburn Laha, S-03476A-02-0000,
Consent Order re Gary Milburn Laha

CC: Brian C. McNeil, Executive Secretary

Accompanying this memorandum is a proposed Order to Cease and Desist, Order of Suspension, Order for Administrative Penalties, and Consent to Same by: Gary Milburn Laha ("Consent Order").

Laha was a registered securities salesman in Arizona from March 5, 1992, until September 6, 2001. He was associated with American Express Financial Advisors, Inc. ("Amex"). Laha resigned while an Amex internal review was in progress, regarding his activities with respect to Ecodom Corporation ("Ecodom"), an Arizona corporation located in northeast Phoenix.

In 1998 or early 1999, Laha's co-respondent David Loach (who was then Laha's business partner) introduced Laha to the CEO of Ecodom, and the three men discussed raising capital for Ecodom for several months. On or about August 2, 1999, Laha sold unregistered securities - specifically, Ecodom common stock - to one investor, for \$25,000. Ecodom paid Laha a commission of \$2,500 for this sale. Laha had not sought or received the approval of Amex, prior to offering and selling the stock. Laha did not report the sale to Amex, and consequently the sale was not reflected on the books and records of the dealer with which Laha was associated at the time of the sale.

The proposed Consent Order would direct Laha to permanently cease and desist from violating the Arizona Securities Act. In addition, the Consent Order would impose an administrative penalty of \$3,500, and would suspend Laha's securities salesman registration in

Arizona for a period of six months, commencing on the effective date of the Consent Order. The Division believes that the proposed Consent Order would protect the interests of investors and serve the best interests of the people of Arizona. The Division requests that the Commission approve the proposed Consent Order.

Originator: Amy Leeson

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
3 Chairman
4 JIM IRVIN
5 Commissioner
6 MARC SPITZER
7 Commissioner

8 In the matter of :

9 **DAVID CARROLL LOACH**
10 2237 E. Virginia Avenue
11 Phoenix, Arizona 85006
12 (CRD #1251138)

13 **GARY MILBURN LAHA**
14 4311 W. Sweetwater Road
15 Glendale, Arizona 85304
16 (CRD #2210875)

17 Respondents.

) DOCKET NO. S-03476A-02-0000

) DECISION NO. _____

) **ORDER TO CEASE AND DESIST,**
) **ORDER OF SUSPENSION,**
) **ORDER FOR ADMINISTRATIVE**
) **PENALTIES, AND CONSENT TO SAME**
) **BY: GARY MILBURN LAHA**

18 Respondent Gary Milburn Laha ("LAHA") elects to permanently waive any right to a
19 hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et*
20 *seq.* ("Securities Act"), with respect to this Order To Cease And Desist, Order of Suspension,
21 Order for Administrative Penalties, and Consent to Same ("Order"). LAHA admits the jurisdiction
22 of the Arizona Corporation Commission ("Commission"); admits the Findings of Fact and
23 Conclusions of Law contained in this Order; and consents to the entry of this Order by the
24 Commission.

25 **I.**

26 **FINDINGS OF FACT**

1. LAHA became a registered securities salesman in Arizona on March 5, 1992. He was associated with American Express Financial Advisors, Inc. ("Amex") from that date until his voluntary termination on or about September 6, 2001. Laha resigned while an Amex internal review

1 of his activities was underway. Amex closed the matter on October 31, 2001, having received no
2 customer complaints regarding LAHA during its internal review. LAHA was briefly associated
3 with another dealer in January 2002, but he left that dealer on January 31, 2002. Having left the
4 dealer, LAHA requested withdrawal of his January 2002 application for Arizona registration while
5 the application was pending. Accordingly, LAHA's January 2002 application for Arizona
6 registration was terminated without the registration having been approved, on February 5, 2002.
7 LAHA's last known address is 4311 West Sweetwater Road, Glendale, Arizona 85304.

8 2. LAHA admits the findings of this paragraph 2 upon information and belief: Ecodom
9 Corporation is an Arizona corporation, formed on October 17, 1996. At that time, the corporation's
10 name was Airzone International Corporation. It changed its name to Ecodom Corporation on April 1,
11 1999. In this Order, the corporation will be called "Ecodom." The last known address of Ecodom is
12 12629 North Tatum Boulevard, #135, Phoenix, Arizona 85032.

13 3. In or about 1998 or January 1999, respondent David Carroll Loach introduced LAHA
14 to Loach's friend Zeev Tchetchik, the chief executive officer of Ecodom. The three men discussed
15 raising capital for Ecodom, over the next several months.

16 4. On or about August 2, 1999, LAHA offered and sold unregistered securities,
17 specifically, Ecodom common stock, to one investor. This person invested \$25,000.00 in Ecodom.

18 5. LAHA offered and sold such securities from Arizona.

19 6. Ecodom paid LAHA a commission of \$2,500.00 as compensation for this sale,
20 representing 10% of the amount the investor had paid for the Ecodom stock. Ecodom wrote two
21 checks totaling \$2,500.00, payable to the order of LAHA, and LAHA endorsed these and deposited
22 them into a personal checking account, which he owned jointly with his wife.

23 7. The Securities Division found no evidence that LAHA made any other offer or sale of
24 Ecodom securities.

25 8. LAHA neither sought nor received approval from his dealer, Amex, to engage in
26 offering or selling Ecodom common stock.

1 9. LAHA did not report his sale of Ecodom common stock to Amex, and
2 consequently such sale was not recorded on the books and records of the dealer with which LAHA
3 was associated at the time of the sale.

4 II.

5 CONCLUSIONS OF LAW

6 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
7 Constitution and the Securities Act.

8 2. LAHA offered and sold securities, within the meaning of A.R.S. §§ 44-1801(15), 44-
9 1801(21), and 44-1801(26).

10 3. LAHA violated A.R.S. § 44-1841 by offering or selling, within or from Arizona,
11 securities that were neither registered nor exempt from registration.

12 4. LAHA's conduct subjects LAHA to an order of suspension pursuant to A.R.S. § 44-
13 1962. Specifically, LAHA has:

14 a. Engaged in conduct specified by A.R.S. § 44-1962(A)(2), in that he violated a
15 provision of the Securities Act by offering and selling unregistered securities
16 within or from Arizona; and

17 b. Engaged in conduct specified by A.R.S. § 44-1962(A)(10) and Ariz. Admin.
18 Code R14-4-130(A)(17), by effecting a sale of securities that was not recorded
19 on the books and records of the dealer with which he was associated at the time
20 of the sale.

21 5. LAHA's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

22 6. LAHA's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

23 ...
24 ...
25 ...
26 ...

1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that LAHA's securities
2 salesman registration is suspended for a period of six (6) months, commencing on the effective
3 date of this Order.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6
7
8 CHAIRMAN

COMMISSIONER

COMMISSIONER

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
10 Executive Secretary of the Arizona Corporation
11 Commission, have hereunto set my hand and caused the
12 official seal of the Commission to be affixed at the
13 Capitol, in the City of Phoenix, this _____ day of
14 _____, 2002.

15 _____
16 BRIAN C. McNEIL
17 Executive Secretary

18 _____
19 DISSENT

20 This document is available in alternative formats by contacting Shelly M. Hood, Executive
21 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail
22 shood@cc.state.az.us.

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AJL

CONSENT TO ENTRY OF ORDER

1
2 1. GARY MILBURN LAHA ("LAHA") admits the jurisdiction of the Commission over
3 the subject matter of this proceeding. LAHA acknowledges that he has been fully advised of his
4 right to a hearing to present evidence and call witnesses and LAHA knowingly and voluntarily
5 waives any and all rights to a hearing before the Commission and all other rights otherwise
6 available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.
7 LAHA acknowledges that this Order to Cease and Desist, Order of Suspension, Order for
8 Administrative Penalties, and Consent to Same ("Order") constitutes a valid final order of the
9 Commission.

10 2. LAHA knowingly and voluntarily waives any right under Article 12 of the Securities
11 Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the
12 entry of this Order.

13 3. LAHA acknowledges and agrees that this Order is entered into freely and voluntarily
14 and that no promise was made or coercion used to induce such entry.

15 4. LAHA acknowledges that he has been represented by counsel in this matter, he has
16 reviewed this Order with his attorney and understands all terms it contains.

17 5. LAHA admits the Findings of Fact and Conclusions of Law contained in this Order.

18 6. By consenting to the entry of this Order, LAHA agrees not to take any action or to
19 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
20 Fact or Conclusion of Law in this Order or creating the impression that this Order is without
21 factual basis. LAHA will undertake steps necessary to assure that all of his agents and employees
22 understand and comply with this agreement.

23 7. While this Order settles this administrative matter between LAHA and the
24 Commission, LAHA understands that this Order does not preclude the Commission from
25 instituting other administrative proceedings based on violations that are not addressed by this
26 Order.

1 8. LAHA understands that this Order does not preclude the Commission from referring
2 this matter to any governmental agency for administrative, civil, or criminal proceedings that may
3 be related to the matters addressed by this Order.

4 9. LAHA understands that this Order does not preclude any other agency or officer of the
5 state of Arizona or its subdivisions from instituting administrative, civil or criminal proceedings
6 that may be related to matters addressed by this Order.

7 10. LAHA agrees that he will not apply to the state of Arizona for registration as a
8 securities dealer or salesman or for licensure as an investment adviser or investment adviser
9 representative, until such time as all penalties under this Order have been paid in full and the term
10 of his suspension pursuant to this Order has been served.

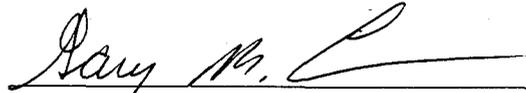
11 11. LAHA agrees that he will not exercise any control over any entity that offers or sells
12 securities or provides investment advisory services, within or from Arizona, until such time as all
13 penalties under this Order have been paid in full and the term of his registration suspension
14 pursuant to this Order has been served. It is understood that this paragraph does not preclude
15 LAHA or his marital community from owning interests in any securities.

16 12. LAHA preserves his right to invoke the privilege against self-incrimination, and
17 otherwise preserves his rights under the Fifth Amendment to the United States Constitution. Apart
18 from the reservation just specified, LAHA agrees that he will cooperate with the Securities
19 Division including, but not limited to, providing complete and accurate testimony at any hearing in
20 this matter and cooperating with the state of Arizona in any related investigation or any other
21 matters arising from the activities described in this Order.

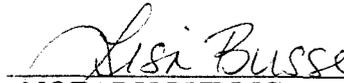
22 13. LAHA consents to the entry of this Order and agrees to be fully bound by its terms and
23 conditions. If LAHA breaches any provision of this Order, the Commission may vacate this Order
24 and restore this case to its active docket.

25 14. No admission in this Order, including the Consent, shall be deemed an admission
26 unless the Commission accepts and enters this Order, because said admissions are negotiated items

1 which LAHA shall accept as findings of fact only in the event the Commission accepts the Order
2 in full.

3 
4 Gary M. Laha

5 SUBSCRIBED AND SWORN TO BEFORE me this 14th day of June, 2002.

6 
7 NOTARY PUBLIC

8 My Commission Expires:

9 _____



Notary Public State of Arizona
Maricopa County
Lisa Busse
Expires October 30 2002

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